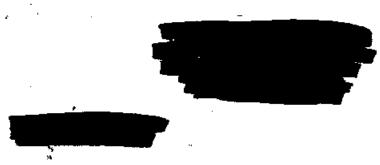
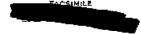
ID.



801.14



June 26, 2000

## BY FACSIMILE--(202) 326-2624

Ms. Alice Villavicencio Federal Trade Commission Premerger Notification Office Room 303 Washington, D.C. 20580

## Dear Alice:

As we discussed yesterday, I would appreciate your advice regarding the reportability of the following transaction.

## Statement of Facts

Assume that the size of person test is met.

A currently holds in excess of \$15 million/15% of the outstanding voting securities of B. B currently owns a controlling interest in B1. B1 intends to sell between \$20 and \$25 million of its voting securities. It is contemplated that in a reportable transaction, C, which currently owns (I) test than \$15 million of the outstanding voting securities of B, will concurrently acquire an additional \$10 million of voting securities of B and \$15 million of voting securities of B1. As a result of C's acquisition of voting securities of B1, C will be entitled to elect a majority of the directors of B1 and, therefore, will be deemed to control B1. In a simultaneous closing, A will acquire \$5 million of voting securities of B1. A will be entitled to designate one director of B1 out of a total of seven directors, but will not have a controlling interest in B1. It is anticipated that others will concurrently acquire \$5 million of voting securities of B1. As a result of these transactions, B will no longer own a controlling interest in B1.

## ISSUE

The question is whether A, because of his current ownership interest in B, has a filing requirement with respect to his acquisition of voting securities of BI. If B were to continue to control B1 after the transaction, I believe that 801.14(a) would require that A's holdings in B be

Alice Villavicencio June 26, 2000 Page 2

aggregated with the stock to be acquired in B1. I am not sure that this result applies if B will no longer control B1 after the transaction.

I appreciate your assistance in this matter.

Very truly yours,

6/27/2000 and
6/27/2000

Chelled Whiter.

If the acquisition of Band Bfuy C

occurs leyone the acquisition of

A's purchase of Binatily store valued
at B5 MM, then only C is required
to file. Also must lesse applepation

Keen 801.14 PS agrees

B

Soul to C Buys of

By additionary v. S. A SM 44